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Connecticut State Medical Society
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Connecticut State Medical Society Testimony in opposition to

House Bill 5395 An Act Increasing Penalties for Balance Billing

Insurance and Real Estate Committee

February 10, 2009

Senator Crisco, Representative Fontana and members of the Insurance and Real Estate Committee, my name is Matthew Katz and I am the Executive Vice President of the Connecticut State Medical Society (CSMS). On behalf of our more than 7,000 members, thank you for the opportunity to present this testimony to you today in opposition to **House Bill 5395 An Act Increasing Penalties for Balance Billing**.

Connecticut Statute 20-7f current states that it is a violation of the Unfair Trade Practice Act for a health care provider to request payment from an enrollee, other than a copayment or deductible for medical services covered under a managed care plan. HB 5395 expands the statute to (1) deem it a violation if a physician collects or attempts to collect payment from a managed care organization enrollee, other than a copayment or deductible, for medical services covered under a managed care plan and (2) increases the remuneration that must be paid to the enrollee. We find the language of the bill ambiguous and unnecessary.

Physicians have a right to bill patients when (1) no contract exists between the physician and the health plan of the patients, (2) where the services provided were non-covered services or (3) where urgent or emergency services are required. Although HB 5395 appears to specify that services must be covered services by a managed care plan, it does not delineate that the physician must be paneled in the plan or that services must not be urgent or emergent.

As reimbursement levels continue to decrease and as health insurers continue to gain market power, physicians are often left with no choice but to accept unreasonable reimbursement rates. Health plans are financially penalizing physician practices in an effort to reduce their own financial risk for both in-network and out-of-network care. These unfair business practices have forced most physicians to absorb billed amounts that insurers refuse to pay. Health plan strategies include refusing to recognize valid assignments of benefits from patients who receive services from out-of-network providers, paying out-of-network physicians at less acceptable rates, often confusing and confounding physicians by how and what they determine as "usual, customary, and reasonable" (UCR) rates for out-of-network services. Furthermore, insurers often reduce reimbursements through the bundling and downcoding of claims submitted with no recourse available to the physician or mechanism to recoup the loss and this

happens after the fact of claims submission by the physician, so there is no prior knowledge by the physician of what the insurer will ultimately pay for and at what rate.

The issue of balance billing extends far beyond the relationship between a physician and his or her patient. For that reason, we ask that you take no action on HB 5395 or at the very least work with members of the physician community to amend the legislation to address the myriad of questions raised by the current statute and clearly define the practice in a manner that is not inappropriately punitive to physicians.

Thank you for the opportunity to provide this testimony to you today.